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BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Application Number: 09/535,790
Filing Date: March 29, 2000
Appellant(s): O'SHEA ET AL.

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_____
Stephan J. Filipek
For Appellant

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EXAMINER'S ANSWER

This is in response to the appeal brief filed 1/31/2007 appealing from the Office action

mailed 5/8/2006.

(1) Real Party in Interest

A statement identifying by name the real party in interest is contained in the brief.

(2) Related Appeals and Interferences

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

(3) Status of Claims

The statement of the status of claims contained in the brief is correct.

(4) Status of Amendments After Final

No amendment after final has been filed.

(5) Summary of Claimed Subject Matter

The summary of claimed subject matter contained in the brief is correct.

(6) Grounds of Rejection to be Reviewed on Appeal

The appellant's statement of the grounds of rejection to be reviewed on appeal is correct with the addition of the New Ground of Rejection discussed below:

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NEW GROUND(S) OF REJECTION

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Claims 1-87 and 162-167 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

(7) Claims Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) Evidence Relied Upon

5,368,129   Von Kohorn   11-1994

"How MileNet Works"   Archieve.org,   1998

(9) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claims 1-3, 5-21, 23-44, 46-74, 87, 94, 95, 144-153 and 162-167 are rejected

under 35 U.S.C. 103(a) as being unpatentable over Von Kohorn in view of article titled,

"How MileNet Works" hereinafter Milenet.

With respect to claims 1-3, 5-10, 12-21, 23-25, 30-35, 37, 39-41,43, 44, 46-54,

56, 58, 59,61-70, 72, 73, 74, 87, 94, 95, 144-153 Von Kohorn teaches a method for

changing a benefit associated with a coupon (Abstract). Establishing an initial benefit for

a coupon (col. 9, lines 11-33); establishing a benefit variation condition for said coupon,

said benefit variation condition having at least one associated qualifying action (col. 9,

lines 11-33); receiving, via an electronic communication network, notice of a completion

of said at least one qualifying action (col. 9, line 34-42); and updating said coupon's

benefit in accordance with said benefit variation condition (col. 9, lines 34-42); wherein

said qualifying action is associated with a primary recipient of the coupon (col. 9, lines

11-33).

With respect to the newly added feature, Von Kohorn does not specifically teach

that one of the qualifying action for varying the coupon is associated with a downstream

recipient of the coupon. Official notice is taken that it is old and well known, in <u>chain</u>
<u>referral sales</u>, multi-level business pyramids or the like for a seller to induce a buyer to
purchase merchandise by promising to give the buyer a discount or a rebate if the buyer
furnishes the seller with the names of other prospective buyers. In certain cases, the
rebate is paid only if the buyer actually makes a purchase. It would have been obvious
to a person of ordinary skill in the art at the time of Applicant's invention to have
included updating benefit of said coupon in association with a first recipient of said
coupon and said qualifying action is associated with a second recipient of said coupon,
wherein said second recipient is a downstream recipient of said first recipient; providing
an indication to said first recipient of a completion of said qualifying action by said
second recipient in order to obtain the above mentioned advantage.

In addition to the challenge of the Official Notice taken above, the Examiner has
cited MileNet to support the Official Notice. MileNet teaches a pyramid type of incentive
wherein the user will increase their MileNet points based on having friends and family
install and use Milenet. The use and installation of MileNet works as the downstream of
the coupon. It would have been obvious to a person of ordinary skill in the art at the art
at the time of Applicant's invention to have included in the invention of Von Kohorn the
teachings of Milenet because such a modification would allow the users to increase
their points based on their friends and families actions.

With respect to claims 11, 57, 60, 162-167, Von Kohorn teaches a method for
changing a benefit associated with a coupon (Abstract). Establishing an initial benefit for

a coupon (5-20 % discount)(col. 9, lines 28-33); establishing a benefit variation

condition for said coupon, said benefit variation condition having at least one associated

qualifying action (i.e. the benefit variation based on the sale of strawberries)(col. 9, lines

33-40); and via a processing device, updating said coupon's benefit in accordance with

said benefit variation condition unless a notice is received that said at least one

qualifying action has not been completed (i.e. automatically changing the percentage of

strawberry discount of 5-20% unless a notice is received that the strawberries are not

being selling satisfactorily, in that case further changing the discount to an additional 20-

40 %)(col. 9, lines 28-42).

     With respect to the newly added feature, Von Kohorn does not specifically teach

that one of the qualifying action for varying the coupon is associated with a downstream

recipient of the coupon. Official notice is taken that it is old and well known, in chain

referral sales, multi-level business pyramids or the like for a seller to induce a buyer to

purchase merchandise by promising to give the buyer a discount or a rebate if the buyer

furnishes the seller with the names of other prospective buyers. In certain cases, the

rebate is paid only if the buyer actually makes a purchase. It would have been obvious

to a person of ordinary skill in the art at the time of Applicant's invention to have

included updating benefit of said coupon in association with a first recipient of said

coupon and said qualifying action is associated with a second recipient of said coupon,

wherein said second recipient is a downstream recipient of said first recipient; providing

an indication to said first recipient of a completion of said qualifying action by said

second recipient in order to obtain the above mentioned advantage.

In addition to the challenge of the Official Notice taken above, the Examiner has cited MileNet to support the Official Notice. MileNet teaches a pyramid type of incentive wherein the user will increase their MileNet points based on having friends and family install and use Milenet. The use and installation of MileNet works as the downstream of the coupon. It would have been obvious to a person of ordinary skill in the art at the art at the time of Applicant's invention to have included in the invention of Von Kohorn the teachings of Milenet because such a modification would allow the users to increase their points based on their friends and families actions.

Claims 3, 5-8, 32-35, 37, 50-54, 57, 60, 63-69, further recite updating benefit of said coupon in association with a first recipient of said coupon and said qualifying action is associated with a second recipient of said coupon, wherein said second recipient is a downstream recipient of said first recipient; providing an indication to said first recipient of a completion of said qualifying action by said second recipient.

Claims 25-29, 36, 38, 55 further recite changing the coupon amount if said coupon is redeemed within a predetermined time and said amount is less than the first amount. Official notice is taken that it is old and well known in marketing to start with a higher discount and to decrease with time. For example, certain establishments have a lower introductory price on a product or service within a predetermined periods and then changing the price to the regular price in order to induce the customer to try the product or service within the trial period. It would have been obvious to a person of ordinary skill

in the art at the time of Applicant's invention to have included changing the coupon

amount if said coupon is redeemed within a predetermined time and said amount is less

than the first amount in order to obtain the above mentioned advantage.

        Claim 71 further recites crediting a financial account associated with the first

recipient if said benefit of said coupon increases after said recipient has redeemed said

coupon. Official notice is taken that it is old and well known to credit an account of a

customer if a condition takes place after a transaction has been completed. For

example, certain establishments will guarantee low prices to their customer by sending

or crediting an account of a customer if a sale has taken place after the customer has

bought a product. It would have been obvious to a person of ordinary skill in the art at

the time of Applicant's invention to have included crediting a financial account

associated with the first recipient if said benefit of said coupon increases after said

recipient has redeemed said coupon in order to obtain the above mentioned advantage.

NEW GROUND(S) OF REJECTION

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

> Whoever invents or discovers any new and useful process, machine,
> manufacture, or composition of matter, or any new and useful improvement
> thereof, may obtain a patent therefor, subject to the conditions and requirements
> of this title.

        Claims 1-87 and 162-167 are rejected under 35 U.S.C. 101 because the claimed

invention is directed to non-statutory subject matter. Based on Supreme Court

precedent a method claim must (1) be tied to another statutory class of invention (such

as a particular apparatus) or (2) transform underlying subject matter (such as an article

or materials) to a different state or thing (see at least *Diamond v.* Diehr, 450 U.S. 175,

184 (1981); *Parker v.* Flook, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v.* Benson, 409

U.S. 63, 70 (1972); *Cochrane v.* Deener, 94 U.S. 780, 787-88 (1876)). A method claim

that fails to meet one of the above requirements is not in compliance with the statutory

requirements of 35 U.S.C. 101 for patent eligible subject matter. Here claims 7-10 and

12-14 fail to meet the above requirements.

(10) Response to Argument

Appellant argues that Von Kohorn doesn't teach "receiving a notice of completion

of a qualifying action, and updating a coupon's benefit in accordance with a benefit

variation condition". The Examiner disagrees with Appellant because in Von Kohorn the

notice of qualifying action in order to increase or update the coupon amount is the

purchase of the merchandise that the customer must make in order to get the coupon

upgraded. The system of Von Kohorn works as follows the customer starts in certain

cases with a zero discount and the value of the coupons are altered based upon initial

purchase of a product (col. 9, lines 18-33). The value of the cantaloupes can have a

value of $.25 to $1.00 based on the period of time the customer purchases the item. If

the customer doesn't complete any actions or make any purchase then the customer's

coupon value will remain at zero. The customer must purchase or show proof that he

purchase the product during the period of time that the value of the coupon has

changed in order to receive the increase value of the coupon.

Appellant further argues that Von Kohorn doesn't teach that the varying of a coupon is associated with a downstream recipient of the coupon. In response to applicant's arguments against the references individually, one cannot show nonobviousness by attacking references individually where the rejections are based on combinations of references. See In re Keller, 642 F.2d 413,208 USPQ 871 (CCPA 1981); In re Merck & Co., 800 F.2d 1091, 231 USPQ 375 (Fed. Cir. 1986). The Examiner wants to point out that Von Kohorn was cited for teaching as stated above varying of a coupon amount based on the customer's initial purchase (col. 9, lines 18-33) and MileNet was cited for teaching a pyramid type of incentive wherein the user will increase the amount of their points based on the user recommending MileNet to their friends and family.

Appellant argues that the Examiner's Official Notice has failed because there is no evidence provided to support the Official Notice taken. The Examiner wants to point out that MileNet was cited to provide evidence for teaching compensating the user for furnishing the names of respective users (see page 1 of MileNet).

Appellant argues that Von Kohorn and MileNet are not analogous references. The Examiner disagrees with Appellant because Von Kohorn and MileNet meet the second part of the two prong test for analogous prior art: Von Kohorn and MileNet are solving the same problem with which the inventor is involved, of compensating user for their actions (in Von Kohorn the action is the purchase of the product and in MileNet the action is recommending a family or friend or downstreaming the service or product to other users).

Appellant argues that there's no motivation to combine Von Kohorn and MileNet. The Examiner disagrees with Appellant because given that Von Kohorn teaches the amount of the coupon is altered or changed in association with the customer making an initial purchase of a product and MileNet teaching that the action is recommending or passing on the use and installation of MileNet to family and friends. The use and installation of MileNet works as the downstream of the coupon and therefore it would have been obvious to combine the references in order to allow the users of Von Kohorn to increase the value of their coupons by the teachings Of MileNet of passing on or downstreaming the service or product of MileNet in order to motivate the user to recommend the product or services to other users.

(11) Related Proceeding(s) Appendix

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

For the above reasons, it is believed that the rejections should be sustained.

This examiner's answer contains a new ground of rejection set forth in section **(9)** above. Accordingly, appellant must within **TWO MONTHS** from the date of this answer exercise one of the following two options to avoid *sua sponte* **dismissal of the appeal** as to the claims subject to the new ground of rejection:

(1) **Reopen prosecution.** Request that prosecution be reopened before the primary examiner by filing a reply under 37 CFR 1.111 with or without amendment, affidavit or other evidence. Any amendment, affidavit or other evidence must be relevant to the new grounds of rejection. A request that complies with 37 CFR

41.39(b)(1) will be entered and considered. Any request that prosecution be reopened

will be treated as a request to withdraw the appeal.

(2) **Maintain appeal.** Request that the appeal be maintained by filing a reply

brief as set forth in 37 CFR 41.41. Such a reply brief must address each new ground of

rejection as set forth in 37 CFR 41.37(c)(1)(vii) and should be in compliance with the

other requirements of 37 CFR 41.37(c). If a reply brief filed pursuant to 37 CFR

41.39(b)(2) is accompanied by any amendment, affidavit or other evidence, it shall be

treated as a request that prosecution be reopened before the primary examiner under

37 CFR 41.39(b)(1).

Extensions of time under 37 CFR 1.136(a) are not applicable to the TWO

MONTH time period set forth above. See 37 CFR 1.136(b) for extensions of time to

reply for patent applications and 37 CFR 1.550(c) for extensions of time to reply for ex

parte reexamination proceedings.

Respectfully submitted,

/Raquel Alvarez/
Primary Patent Examiner, Art Unit 3688
December 1, 2008

Conferees:

James W. Myhre /J.W.M./
Supervisory Patent Examiner, Art Unit 3688

Vincent Millin /V.M./
Appeals Practice Specialist

**A Technology Center Director or designee must personally approve the
new ground(s) of rejection set forth in section (9) above by signing below:**